

ELECTRONIC TRANSFER OF ACCOUNT DATA

Objective:

Evaluate the potential of electronic transmission of data from 960 accounts to support Trade Marketing Programs.

Analysis:

The impacts and costs of electronic data transfer is driven by volume and connect time. Based on these parameters, the 960 accounts fall into two categories:

- Large users (top 100)
- Small Users (remaining 180)

The cost implications and options for each are as follows:

Large users (top 100) have two alternatives as follows:

| | <u>Recurring Costs</u> | | |
|----------------------|------------------------|---------------|----------------------|
| | <u>Monthly</u> | <u>Annual</u> | <u>Non-Recurring</u> |
| 1- Frame Relay | \$275,446 | \$3,305,352 | \$537,000 |
| 2 - Dedicated Access | \$256,295 | \$3,075,540 | \$459,000 |

Small users have three alternatives:

| | | | |
|---|----------|-----------|-----------|
| 1 - 28.8 Dial Access terminating in Connect Mailbox | \$35,575 | \$430,502 | \$524,528 |
| 2 - AS400 Directory (Requires In-house Front End Program) | \$35,575 | \$426,902 | \$259,500 |
| 3 - AT&T IAS Frame Relay Dial Access | \$40,450 | \$485,400 | \$264,000 |

The total cost of both small and large accounts would approach \$3.5 million ongoing expense in addition to \$0.7 million non-recurring.

The present method of data transfer utilizing tape/disk media is the most cost effective for RJRT and the Customer:

2000 tapes

\$5/tape

Postage \$30,000 annual

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